

Early Childhood Funding April 2006

A recent request was forwarded to the Office of Early Childhood Education & Family Services asking, "How is funding for Early Childhood determined?" The question was at an ISD – level meeting, but the following assists in answering the question from a Michigan Department of Education perspective, and is arranged from birth to kindergarten entry, focusing on funding that provides direct services to children and families.

0-3 Secondary Prevention Grants. These are grants that combine funds appropriated through the State School Aid Act (general fund, not school aid dollars), the Department of Community Health and the Department of Human Services which are competitively bid for community-based initiatives targeted to reduce the prevalence of child abuse and neglect. The Children's Trust Fund manages the grants, which for 2006-2007 will be in the final year of a three-year grant cycle. Grantees may request an amount to support activities that cannot exceed \$220,000, and must contribute an additional 20 percent of local funds, of which at least 10 percent must be a cash contribution.

Early On® is funded through Part C of the Individuals with Disabilities Education Act (I.D.E.A.) and focuses on identifying services and supports for families with infants and toddlers who have identified disabilities or suspected delay. The funding to each local lead agency represents 80 percent of the federal award and is distributed to each Intermediate School District (ISD) using a formula. The formula was reviewed and supported by the State Interagency Coordinating Council and includes three variables:

- 1) A base grant of \$50,000 to each ISD to ensure there are funds for administration.
- 2) Each ISD receives \$100 for each child in the 12 month-period target count. The target count is 2.2 percent of the birth rate in the last four years. This represents the service need for the ISD.
- 3) The remaining funds are divided among the ISDs based on the number of children in the averaged period count over the last June and December counts. This is a performance factor.

Special Education Preschool Formula Grants serve children 2 ½ years through 6 years of age with identified disabilities, including Early Childhood Developmental Delay. These federal grants are calculated by the Michigan Department of Education in a three-part process as specified under the I.D.E.A.:

1. Base Grant – Equals the December 1, 1996 student count multiplied by 75 percent of the FY 1997-98 total grant award.
2. The remaining funds are split – 85 percent of these funds are determined by the current year K-12 special and general education, public and non-public population.

3. The remaining 15 percent of funds are determined on the total free lunch student count (which is the poverty factor).

In addition, children with disabilities who are enrolled in approved early childhood special education programs or receiving early childhood special education services generate a foundation allowance calculated under the State School Aid Act. These children are reported for a foundation allowance in the same manner as all other children educated by the district or intermediate school district.

Great Parents, Great Start is an initiative to assist parents of children from birth to kindergarten entry that is funded through State School Aid and flows to Michigan's 57 intermediate school districts. The amount available is designated annually by the legislature; in 2005-2006 it was 3.5 percent of the intermediate district's 2002-2003 payment under Section 81. The grants require services to be provided to all families with children age 5 or younger, and must provide information on child development, encourage parent-child interaction, provide examples of learning opportunities, promote marriage, and promote access to needed community services. A 20 percent contribution of local funds is required, with no more than 10 percent being in-kind.

Even Start is a comprehensive, integrated family literacy program that is federally funded through a competitive process. The maximum grant award is \$225,000 per year, with increasing local contribution required over the four years of the grant award. Programs must offer early childhood education, adult education, parenting education and parent-child interactive literacy experiences. Michigan has 29 projects operating in 2005-2006, with an expectation that the number will drop to approximately 16 for 2006-2007 due to a decreased federal allocation.

The Michigan School Readiness Program is the state-funded preschool program for four-year-old children at risk of school failure. Two funding streams exist for this program. The State School Aid Act under section 32d, provides \$72.6 million in school aid funds for districts, while Section 32l of the School Aid Act identifies \$12.25 million in general fund dollars. The mechanism for distribution of the funds and allowable uses is different for each source:

- Formula grants funded under section 32d are distributed according to a pre-application needs assessment of the community's need for preschool services. The formula, described in Section 39, takes into consideration the population of a district, the poverty factors that impact that district, and the need identified in the pre-application. Funds are distributed based on an amount of \$3300 per child. Districts must provide one of the following: a high-quality, half-day preschool experience for four-year-old children who display at least two of 25 individual or familial risk factors; a full-day preschool experience (which garners twice the per child allotment, but

- diminishes the number of children who are served); or comprehensive parent involvement and education programming for all families with children from birth to kindergarten entry.
- Competitive grants funded under section 32l allow private or public nonprofit child caring entities to request funds to serve up to 144 four-year-old children who display the risk factors as mentioned above. These programs receive \$3300 per child to offer high-quality, half-day preschool experiences.

Other early childhood-related funding that is impacting intermediate school districts:

All Students Achieve Program – Parent Involvement and Education (ASAP-PIE)

This program was funded for two fiscal years, and allowed unlimited carryover. The State School Aid Act designated \$45 million in FY 00 and FY 01, and specified that the funds were to be distributed through a competitive process, with no grant exceeding \$4.5 million per year, which was matched at 20 percent with local funds, 10 percent of which had to be cash. Twenty-three intermediate school districts competed successfully to provide five components of a comprehensive approach to supporting parents of all children, birth to kindergarten entry who reside in their school districts. As of January 2006, seven of the districts continue to serve their populations with these funds.

Great Start Collaboratives of the Early Childhood Investment Corporation (ECIC)

The Early Childhood Investment Corporation is a non-profit, public corporation focused on coordinating and expanding resources and services dedicated to children zero to five. As part of its role, the ECIC oversees development and implementation of the Great Start System – a community-based focus on children from birth to age five. Early in 2006, grants were awarded from the ECIC to 14 intermediate school districts to support Great Start Collaboratives and allow some to build capacity by learning from those who have many structures already in place. The local Great Start Collaboratives will use the grant money from the ECIC to conduct a community assessment and develop a strategic plan for the development of a comprehensive system of early childhood services and supports, accessible to all children from birth to kindergarten and their families. The Michigan Department of Education is a state-level collaborator with the ECIC, with Superintendent Mike Flanagan appointed to the Board.

Questions about information contained in this document may be forwarded to the Michigan Department of Education, Office of Early Childhood Education and Family Services, 517-373-8483.